

Hilcorp Energy Company

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October 29, 2004

Honorable James H. Welsh
Commissioner of Conservation
Office of Conservation
Post Office Box 94275
Baton Rouge, Louisiana 70804-9275



Re: 29-K-1 Application for a Substitute Unit Well and an Alternate Unit Well
at an Exceptional Location
Hilcorp Energy Company
Paradis Field
10000 RC SUF
Stewart Bush No. 1 (SN 029123) - Substitute Unit Well
Sunset R&P Company No. 17 (SN 033253) - Alternate Unit Well
St Charles Parish, Louisiana

Dear Commissioner Welsh,

Hilcorp Energy Company (Applicant), pursuant to the provisions of Title 30 of the Revised Statutes of 1950, Statewide Order No. 29-K-1 and applicable Memorandum, hereby respectfully applies for permission to designate and utilize the Stewart Bush No. 1 well (SN 029123) as the substitute unit well, and the Sunset R&P Company No. 17 well (SN 033253) as the alternate unit well, for the 10000 RC SUF, Paradis Field, St Charles Parish, Louisiana. Hilcorp respectfully requests that a hearing be called by your Department, after ten-day legal notice, to consider evidence relative to the issuance of an order designating the substitute and alternate unit wells at an exceptional locations for the 10000 RC SUF in the Paradis Field.

Office of Conservation Order No. 37-H, dated March 2, 1959, established rules and regulations and created the drilling and production units for the exploration for and production of oil and gas from the 10000 Foot Sand in the Paradis Field, St Charles Parish, Louisiana. Office of Conservation Order No. 37-H-1, effective February 1, 1960, reformed the units created by Order No. 37-H and established rules and regulations for the production of oil and gas from additional units in the 10000 Foot Sand. One of which units is a gas unit designated as the 10000 RC SUF.

The Humble Oil and Refining Company - Manufacturers Record Publishing Company No. 2 well (SN 027325) was approved as the original unit well for the gas unit. This gas unit was originally designated as the 10000' Sand Gas Unit 1, redesignated as the 10000' GUA, and has the current nomenclature as the 10000 RC SUF. The 10000 RC SUF; MRP Co. No. 2 last produced in January 1981. The MRP Co. No. 2 is currently completed as the unit well for the PZ RA SUH.

The Hilcorp Energy Company - Bush No. 1 well (SN 029023) was completed in the 10000 RC SUF on April 11, 2004. The location of the Bush No. 1 well, as shown on the attached plat, is located less than 660' from the unit boundary, and will require an exception to the well location requirements adopted by Office of Conservation Order No. 37-H-1, effective February 1, 1960.

The Hilcorp Energy Company - SR&P No. 17 well (SN 033253) is proposed to be recompleted in the 10000 RC SUF. The location of the SR&P No. 17 well, as shown on the attached plat, is located less than 660' from the unit boundary, and will require an exception to the well location requirements adopted by Office of Conservation Order No. 37-H-1, effective February 1, 1960.

Additionally, Hilcorp Energy Company requests that the Commissioner of Conservation be authorized to reclassify the reservoir by Supplemental Order, without the necessity of a public hearing, if the producing characteristics of the reservoir change and evidence to justify such reclassification is submitted to and accepted by the Commissioner of Conservation.

In Applicant's opinion, approval of the Bush No. 1 well and the SR&P No. 17 well, as the substitute unit well and alternate unit well, respectively, for the 10000 RC SUF is necessary in order to effectively and efficiently drain a portion of the 10000 sand underlying the 10000 RC SUF which was not, and cannot be, effectively and efficiently drained by any other well within the unit.

In further support of this request, Applicant encloses the following:

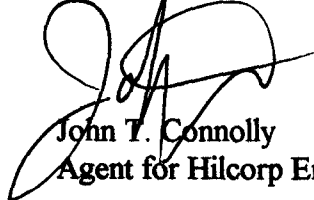
- a) Plat showing the unit designated 10000 RC SUF, as well as the locations of and serial numbers of the initial unit well, the proposed substitute unit well, and the proposed alternate unit well.
- b) List of the names and addresses of all interested Parties notified of this application.
- c) Check payable to the Office of Conservation in the sum of \$755.00 representing the required hearing application fee.
- d) Copies of Conservation Orders 37-H and 37-H-1.
- e) Proposed form of order.
- f) Location plats for the Bush No. 1 and SR&P No. 17 wells.

The Applicant respectfully requests the issuance of a Supplemental Order authorizing Applicant to designate and utilize its Bush No. 1 well as the substitute unit well for the 10000 RC SUF, and to designate and utilize its SR&P No. 17 well as the alternate unit well for the 10000 RC SUF, at exceptional locations, and to recognize Hilcorp Energy Company as the operator of the subject unit.

It is hoped that you find this application in order and that after the required legal notice and hearing provided for in Statewide Order No. 29-K-1, you will approve the Hilcorp Energy Company - Bush No. 1 well as the substitute unit well, at an exceptional location, for the 10000 RC SUF, and the Hilcorp Energy Company - SR&P No. 17 well as the alternate unit well, at an exceptional location, for the 10000 RC SUF, Paradis Field, St Charles Parish, Louisiana.

Should you have any questions, please call John T. Connolly at 225-753-4723, or email at ersses@cox.net.

Yours very truly,



John T. Connolly
Agent for Hilcorp Energy Company

attachments

cc: Hilcorp Energy Company
Mr. Bruce Currie
1201 Louisiana, Suite 1400
Houston, Texas 77002

Mr. Richard Hudson
Lafayette District Engineer
Office of Conservation
Lafayette, Louisiana

Interested and Represented Parties

